

# CRS Report for Congress

## **Thailand: Background and U.S. Relations**

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# Thailand: Background and U.S. Relations

## Summary

U.S.-Thailand relations are of interest to Congress because of Thailand's status as a long-time military ally and a significant trade and economic partner. The currently-stalled proposed U.S.-Thailand Free Trade Agreement (FTA) would require implementing legislation to take effect. However, the ouster of Prime Minister Thaksin Shinawatra by a military coup in September 2006 and subsequent economic and political instability complicated bilateral ties. After parliamentary elections in December 2007 returned many of Thaksin's supporters to power, the U.S. government lifted the restrictions on aid imposed after the coup and worked to restore bilateral ties. Questions remain on how the U.S.-Thai relationship will fare as Bangkok seeks political stability.

Despite differences on Burma policy and human rights issues, shared economic and security interests have long provided the basis for U.S.-Thai cooperation. Thailand contributed troops and support for U.S. military operations in both Afghanistan and Iraq and was designated as a major non-NATO ally by President Bush in December 2003. Thailand's airfields and ports play a particularly important role in U.S. global military strategy, including having served as the primary hub of the relief effort following the 2004 Indian Ocean tsunami. The high-profile arrest of radical Islamic leader Hambali in a joint Thai-U.S. operation in 2003 underscores Thailand's role in the U.S.-led war on terrorism. The U.S.-Thai bilateral trade total in 2006 was over \$30 billion.

Until the political turmoil of 2006 and 2007, Thaksin and his populist Thai Rak Thai party had consolidated broad control of Thai politics. Following elections in December 2007, new Prime Minister Samak Sundaravej has struggled to govern effectively in the face of accusations that he is a puppet of Thaksin, who returned from exile abroad. Like Thaksin, Samak has not been able to stem the violence of an insurgency in the southern majority-Muslim provinces. A series of attacks by insurgents and counter-attacks by security forces has reportedly claimed over 3,300 lives since January 2004.

With its favorable geographic location and broad-based economy, Thailand has traditionally been considered among the most likely countries to play a major leadership role in Southeast Asia and has been an aggressive advocate of increased economic integration in the region. A founding member of the Association of Southeast Asian Nations (ASEAN), Thailand maintains close ties with China and is pursuing FTAs with a number of other countries. Given its ties with the United States, Thailand's stature in the region may affect broader U.S. foreign policy objectives and prospects for further multilateral economic and security cooperation in Southeast Asia. In the context of the Pentagon's transformation and realignment initiatives, current logistical facilities in Thailand could become more important to U.S. strategy in the region. This report will be updated periodically.

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# Thailand: Background and U.S. Relations

## Introduction

A long-time American ally in Asia, Thailand has continued to pursue close ties to the United States as the political landscape of the region has evolved. Solidified during the Cold War, the U.S.-Thai relationship strengthened on the basis of shared economic and trade interests and was further bolstered after the September 11, 2001 attacks by a common commitment to fight terrorism in Southeast Asia. At the same time, Thailand enjoys a strong economic and political relationship with China, positioning itself as a potential battleground for influence in the region.

Thailand has been a significant partner for the United States and an important element of U.S. strategic presence in the Asia-Pacific. Designated as a major non-NATO ally in 2003, Thailand contributed troops and support for U.S. military operations in both Afghanistan and Iraq. Thailand has been an active partner in the U.S.-led war on terrorism, a role highlighted by the high-profile 2003 arrest of a radical Islamic leader in a joint Thai-U.S. operation. Other bilateral cooperation on transnational issues such as narcotics trafficking has reinforced Thailand's standing as a primary partner of the United States in maintaining stability in Southeast Asia.

With the suspension of U.S. military aid to Thailand following the military coup, that cooperation was largely put on hold, although the annual Cobra Gold multinational exercises went forward in May 2007. U.S. policymakers faced a difficult balance of pressuring Bangkok to restore democracy and attempting to maintain good relations with a key power in Southeast Asia that affects the stability of the region as a whole. The restoration of a democratically elected government in early 2008 provides a new platform on which to re-launch the U.S.-Thai relationship. Suspended aid was reinstated in February 2008, but concerns remain on the stability of the government in Bangkok and the ongoing violence in the southern provinces.

The start of negotiations in June 2004 for a U.S.-Thailand Free Trade Agreement (FTA) marked Thailand's possible entry into the expanding American web of trade pacts with political allies. The United States and Thailand exchanged about \$30 billion in total trade in 2006, a figure that was expected to rise if a proposed free trade agreement (FTA) could be successfully concluded. However, FTA negotiations had already been difficult, and they were suspended following the political crisis that erupted in April 2006.

## Political Conditions in Thailand

Politics in Thailand have been in a state of turmoil since early 2006, particularly after a military coup ousted Thaksin Shinawatra as Prime Minister in September 2006. The military government that seized power installed a civilian caretaker government, which passed a constitutional referendum and held new parliamentary elections in December 2007. Since then, new Prime Minister Samak Sundaravej has struggled to govern effectively in the face of accusations that he is a puppet of Thaksin, who returned to Thailand from exile in April 2008. Several ministers have been forced to resign, including Foreign Minister Noppadon Pattama, Thaksin's former lawyer. Prospects for a quick resolution appear dim, as over 20 court cases involving Thaksin and his former party are pending.

**December 2007 Election Results.** On December 23, Thailand held its first parliamentary elections since the military coup. (For details on the coup and aftermath, see "Thailand Government and Politics" section below.) The results were a resounding defeat for the military government that had ruled since the coup: the People's Power Party (PPP), the successor party to Thaksin's Thai Rak Thai (TRT) party, won 233 seats, only eight short of an outright majority in Thailand's Lower House. The military government-backed Democrat Party won 165 seats, with the remaining seats divided between five smaller parties. On January 28, the new parliament elected Samak Sundaravej to head a coalition government. A week later, Samak announced his cabinet, which included several Thaksin loyalists. Samak, although resisting the title of "puppet," readily acknowledged — even promoted — his close contact with the deposed leader.

**U.S. Reaction.** On February 6, 2008, the U.S. State Department announced that Deputy Secretary of State John Negroponte had certified to Congress that Thailand had restored a democratically elected government, thereby removing legal restrictions on assistance that had been imposed after the coup under Section 508 of the Foreign Operations Appropriations Act (P.L. 109-102). A statement from the U.S. Ambassador said that funds were reinstated for programs that include the International Military Exchange Training (IMET) programs, Foreign Military Financing (FMF), and the Global Peacekeeping Operations Initiative (GPOI).

## Prospects for Political Stability

The PPP's surprisingly strong electoral victory may have quelled some fears about Thailand returning to a model of weak, short-lived coalition governments, but deep fractures in Thai society remain. The interim government, appointed by the military junta that seized power in the coup, had openly supported the Democrat Party in the elections, but were soundly rebuffed by the Thai electorate, particularly by voters from the rural and poorer areas of the country. The military and palace loyalists, who largely opposed Thaksin, appear to have recognized a need for stability, particularly to help revive an economy that has faltered with the political uncertainty of the past few years. However, some analysts say that another coup in the future is not an impossible scenario if the political elite feel threatened, as they did by Thaksin. With Thaksin back in the country and rumors rife about his possible return to politics, similar dynamics could develop once again.

Samak, a sometimes cantankerous figure known for his staunchly anti-Communist views during the Cold War, faces a difficult balancing act in trying to restore political stability to Thailand. He also serves as Minister of Defense, an unusual but not unprecedented arrangement. Some observers speculate that this indicates his desire to keep the military under close tabs, while others think it is an attempt to avoid a power struggle among different factions of the military. His cabinet selections have been criticized as being ill-prepared for their posts, possibly a result of over 100 former TRT officials being banned from politics after the coup by a junta-appointed court. Some observers say that the ruling party lacks policy expertise because of the purging. Samak will likely face pressure to reverse the court decision and reinstate the banned politicians.

## **Violence Continues in the Southern Provinces**

Thailand has endured a persistent separatist insurgency in its majority-Muslim southern provinces, which includes the provinces of Yala, Narathiwat, Pattani, and — to a lesser extent — Songkhla, while dealing with political instability in its capital. Since January 2004, sectarian violence between insurgents and security forces in Thailand's majority-Muslim provinces has left over 3,300 people dead, according to press reports. The groups that have led this surge in violence are generally poorly understood, and their motives are difficult to characterize. Many believe they are mostly focused on local autonomy, but even the Thai government has poor understanding of the diverse groups active in the South. The successive administrations have taken somewhat different approaches to curbing the violence in the south, but none appear to have found a way to resolve the ongoing insurgency.

**Background to the Current Conflict.** The southern region has a history of separatist violence, though the major movements were thought to have died out in the early 1990s. Thai Muslims have long expressed grievances for being marginalized and discriminated against, and the area has lagged behind the rest of Thailand in economic development. The death toll of over 3,300 includes suspected insurgents killed by security forces, as well as victims of the insurgents. This includes both Buddhist Thais, particularly monks and teachers, and local Muslims.

After a series of apparently coordinated attacks by the insurgents in early 2004, the central government declared martial law in the region. Moreover, a pattern of insurgent attacks — targeted shootings or small bombs that claim a few victims at a time and counter-attacks by the security forces — has developed. The pattern crystallized into two major outbreaks of violence in 2004: on April 28, Thai soldiers killed 108 insurgents, including 34 lightly armed gunmen in a historic mosque, after they attempted to storm several military and police outposts in coordinated attacks; and on October 25, 84 local Muslims were killed: 6 shot during an erupting demonstration at the Tak Bai police station and 78 apparently asphyxiated from being piled into trucks after their arrest. The insurgents retaliated with a series of more gruesome killings, including beheadings, following the Tak Bai incident.

**Thaksin and Surayud's Approaches.** The Thaksin government's handling of the violence was widely criticized as ineffective and inflammatory. Critics charged that the Thaksin Administration never put forth a sustained strategy to define and



address the problem, that it repeatedly and arbitrarily shuffled leadership positions of those charged with overseeing the region, and that it failed to implement adequate coordination between the many security and intelligence services on the ground.

Under the military government, interim Prime Minister Surayud Chulanont took a more conciliatory approach by publicly apologizing to Muslim leaders for past government policies in the South and resurrecting a civilian agency responsible for improving relations between the security forces, the government, and southern Muslims that Thaksin had abolished. General Sonthi Boonyaratglin, leader of the coup and the first Muslim commander of the Army, advocated negotiations with the separatist groups as opposed to the more confrontational strategy pursued by Thaksin. However, the violence increased in the months following the coup.<sup>1</sup> Some analysts said that a younger generation of more radicalized insurgents resisted the more conciliatory approach of the new leadership in Bangkok. Criticism emerged that Surayud's policies were insufficiently implemented, law enforcement was unable to effectively prosecute cases, and that intelligence coordination remained abysmal.

**Current Government's Approach.** The Samak government has claimed that the South is a priority, but critics maintain that his administration has not focused adequate resources on the area as it has struggled to maintain its hold on power in Bangkok. The region remains under martial law, which allows security forces to arrest suspects without warrants and detain them for up to 30 days. Since June 2007, a more concentrated counter-insurgency campaign known as "Operation Southern Protection" had led to far more arrests, but many analysts see the mass arrests as fueling local resentment. Daily violence had ebbed somewhat as a result of the military crackdown, but observers note an increase in more lethal and bold attacks. The Samak government has announced that it will try to curb the violence by encouraging investment in the region as the poverty rate has increased and industries have shut down.<sup>2</sup> Human rights groups have continued to criticize the military for its mistreatment of Muslim suspects; in March 2008, Human Rights Watch accused the army of torturing an arrested Muslim cleric who later died in police custody.<sup>3</sup>

**Recent Patterns in the Insurgency.** Close observers note that attacks have become more provocative, more deaths are caused by increasingly powerful explosions, and the insurgents have directed more attacks at economic targets, particularly those owned by ethnic Chinese. Some analysts describe a movement increasingly driven by an Islamist agenda: the insurgents appear intent on driving a harsher ideological line and labeling conciliatory Muslims as collaborators. Because of the repeated attacks on state-run schools, many citizens have chosen to send their children to private Islamic schools. The insurgents' village-level network has

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<sup>1</sup> "Thailand's Leaders Struggle for Solution as Separatists' Violence Increases," *The New York Times*. February 26, 2007.

<sup>2</sup> "Thailand to Encourage Investment in Restive South," *Dow Jones International News*. March 21, 2008.

<sup>3</sup> "Thailand: Imam's Killing Highlights Army Abuse in South," from Human Rights Watch webpage at [<http://hrw.org/english/docs/2008/03/26/thaila18346.htm>].

expanded, perhaps driving more local support.<sup>4</sup> As the attacks have become more sophisticated and coordinated, a climate of fear has developed and division along religious lines has accelerated. According to some reports, 15% of the Buddhist population has left the region.<sup>5</sup>

**Little Evidence of Transnational Elements.** Most regional observers stress that there is no convincing evidence to date of serious Jemaah Islamiyah (JI) involvement in the attacks in the southern provinces, and that the overall long-term goal of the movement in the south remains the creation of an independent state with Islamic governance. Many experts characterize the movement as a confluence of different groups: local separatists, Islamic radicals, organized crime, and corrupt police forces. They stress, however, that sectarian violence involving local Muslim grievances provides a ripe environment for foreign groups to become more engaged in the struggle. Some of the older insurgent organizations earlier were linked to JI, have reportedly received financial support from foreign Islamic groups, and have leaders who have trained in camps in Libya and Afghanistan. Despite these links, foreign elements apparently have not engaged significantly in the violence.

**Leadership of Insurgency Unclear.** Identifying the groups directing the insurgency has been challenging, but most analysis suggests that there is no one organization with authority over the others. Some reports suggest that the Barisan Revolusi Nasional-Coordinate (BRN-C) has coordinated other groups that operate largely autonomously. Other actors are older Islamist separatist groups, including the Pattani United Liberation Organization (PULO) and Gerakan Mujahideen Islam Pattani (GMIP). An organization called Bersatu at one point claimed to be an umbrella grouping for all the insurgent factions, but appears to have very limited authority over the disparate networks. The failure of the Thai government to establish an authority with whom to negotiate limits its ability to resolve the conflict peacefully.

## Thailand Politics and Government

The Kingdom of Thailand, a constitutional monarchy with a parliamentary form of government, is marked by an important historical dissimilarity from its regional neighbors. Although occupied by Japan during World War II, Thailand was the only country in Southeast Asia that was not colonized by Europeans, and it also avoided the wave of communist revolutions that took control of the neighboring governments of Cambodia, Laos, and Vietnam in the 1960s and 1970s. Thailand followed a troubled path to democracy, enduring a series of mostly bloodless coups and multiple changes of government in its modern history. Although Thailand became a constitutional monarchy in 1932, it was ruled primarily by military dictatorships until the early 1990s. A military and bureaucratic elite controlled Thai politics during this period, denying room for civilian democratic institutions to develop. Brief periods of democracy in the 1970s and 1980s ended with reassertions of military rule. After

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<sup>4</sup> “Southern Thailand: The Impact of the Coup,” *International Crisis Group*. March 15, 2007.

<sup>5</sup> Zach Abuza, “Wake Up Call,” e-newsletter. March 20, 2007.

Thai soldiers killed at least 50 people in demonstrations demanding an end to military dominance of the government, international and domestic pressure led to new elections in 1992. The 2006 coup was the first in 15 years.

Thailand's government is composed of the executive branch (prime minister as head of government and the king as chief of state), a bicameral National Assembly, and a judicial branch of three court systems. Until Thaksin's election in 2001, the Democrat Party dominated Thai politics by instituting a series of reforms that enhanced transparency, decentralized power from the urban centers, tackled corruption, and introduced a broad range of constitutional rights. King Bhumiphol, who has served since 1946, commands tremendous respect and loyalty from the Thai public and continues to exercise influence over politics in Thailand.

**Thaksin's Rise and Fall.** The Thai Rak Thai (TRT) party, formed by Thaksin in 1999, benefitted politically from the devastation of the 1997 Asian financial crisis on Thailand's economy, and the subsequent loss of support for the ruling Democrats. Thaksin's populist platform appealed to a wide cross-section of Thais, and many analysts contended that Thaksin and his party enjoyed power unprecedented in modern Thai politics.<sup>6</sup> In February 2005, the TRT won parliamentary elections outright — a first in Thai politics — and swiftly dropped its former coalition partners to form a single-party government.

Shortly after TRT's impressive victory, however, Thaksin's popularity faltered due to a weak economy, corruption scandals involving Cabinet members, and his failure to stem violence in the South. In early 2006, large public demonstrations calling for his ouster gained momentum. The protestors, mostly members of the urban, educated class, were reportedly unhappy with his authoritarian style, perceived attacks on the free press, mishandling of the violence in the south, and most of all, the tax-free sale of his family's telecommunications firm to a Singapore state company in a \$1.9 billion deal that many suspected was not taxed because of Thaksin's clout.

Widespread protests led Thaksin to call for a new round of parliamentary elections in April 2006. After a less-than-convincing victory by his Thai Rak Thai (TRT) party in an election boycotted by the opposition, Thaksin resigned, then quickly stepped back into power as a "caretaker" prime minister. After Thailand's king called for the courts to resolve the crisis, the Constitutional Court ruled the elections invalid, and new elections were set for November 2006. Despite widespread discontent with Thaksin among the country's middle class and urban dwellers, Thaksin's strong support in rural areas was expected to propel the TRT to a win in the elections.

## **Military Coup Ousts Thaksin**

On September 19, 2006, Royal Thai Army Commander-in-Chief Sonthi Boonyaratglin led a bloodless military coup in Bangkok, ousting Thaksin and

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<sup>6</sup> See Ganesan, N. "Thaksin and the Politics of Domestic and Regional Consolidation in Thailand," *Contemporary Southeast Asia*, vol. 26, no. 1 (April 2004).

declaring martial law. The coup was the 18th since the formation of the constitutional monarchy in 1932, but the first in 15 years. The new leaders formed the Council for Democratic Reform (CDR), later changing the name to the Council for National Security (CNS). The revered King Bhumibol reportedly endorsed the takeover after it occurred.

**U.S. Response.** Following the coup, U.S. officials faced the challenge of expressing disapproval for the rollback of democracy while not sacrificing what many view as a crucial relationship in the competition for influence with China in Southeast Asia. Many observers saw the response as relatively mild. On September 28, 2006, the U.S. State Department announced the suspension of several assistance programs under Section 508 of the Foreign Operations Appropriations Act (P.L. 109-102): Foreign Military Financing (FMF, for defense procurement), International Military Education Training funds (IMET, provides training to professionalize the Thai military), and peace-keeping operation programs. Also suspended were funds for counterterrorism and other operations appropriated under Section 1206 of the National Defense Authorization Act for FY2006. The suspended programs totaled over \$29 million. Other programs deemed to be in the U.S. interest continued, according to the State Department. After Surayud was appointed, U.S. Ambassador Ralph Boyce was reportedly the first foreign diplomat to meet with him.

## Aftermath of the Coup: Thai Politics in Upheaval

Under interim prime minister Surayud Chulanont, a former Army commander, the ruling military government struggled to establish credibility and legitimacy in the months that followed. Although Thaksin was formally indicted on charges of corruption and abuse of power, no charges (part of the coup leaders' justification for usurping power) were proven, and a series of economic policy moves unnerved investors. Thaksin remained out of Thailand, but highly visible in his international travels.

**TRT Disbanded.** After the coup, the bureaucratic and military elite — with the royal imprimatur — controlled Thailand, while the political parties appeared marginalized and disorganized. Then, on May 30, 2007, a junta-appointed constitutional tribunal ruled that the TRT must disband because it had violated election laws in the April 2006 polls and that Thaksin and 110 party executives were banned from politics for five years. The same day, the court acquitted the Democratic Party of a series of other election violation charges, setting the stage for a strong comeback by the opposition party. Many observers criticized the rulings as further delaying the return to democracy by disenfranchising the most popular and by far the largest political party in Thailand.

**Constitutional Referendum.** In August 2007, a nation-wide referendum on the constitution drafted by a junta-appointed committee passed narrowly amid tepid turnout. The constitution came under criticism for reversing many of the democratic principles enshrined in the 1997 charter: under it, the number of parliamentary seats are reduced, nearly half of the Senate is appointed by a panel of judges and bureaucrats, and the coup leaders are granted amnesty. The document, designed to prevent the emergence of a Thaksin-like strongman leader, may portend Thailand's return to a period of weak, unstable coalition governments.

## Concern About Eroding Democracy

**Thaksin's Rule.** During Thaksin's rule, detractors consistently voiced concern that his strongman style threatened Thailand's democratic institutions. Charges of cronyism and creeping authoritarianism grew louder as his political power strengthened. Previously independent watchdog agencies reportedly weakened under his watch,<sup>7</sup> and some commentators alleged that Thaksin undermined anti-corruption agencies by installing political loyalists to protect the business interests of his family and members of his cabinet — sometimes one and the same, as Thaksin had a record of appointing relatives and friends to prominent posts.<sup>8</sup> Thaksin insisted that political strength enhances development, citing Singapore's economic success and lack of political opposition as a model for Thailand to follow.<sup>9</sup>

Outside groups warned that press freedom has been squeezed in recent years, documenting multiple cases in which critical journalists and news editors were dismissed, and pointing to a libel suit against an outspoken editor filed by a telecommunications corporation that Thaksin founded.<sup>10</sup> Shin Corporation, Thaksin's family company, bought the only independent television station; the others are owned by the government and armed forces.<sup>11</sup> Human Rights Watch claims that Thaksin stifled criticism from the media of his Administration's controversial policies, such as the deaths of over 2,000 individuals in the government-sponsored "war on drugs."<sup>12</sup>

**Coup and Aftermath.** By militarily ousting a democratically elected leader, the coup itself raised obvious concerns about the democratic process in Thailand. Much of the Thai press and some long-time Thai watchers embraced the notion that the coup was necessary for Thailand to move forward; that is, that the military coup represented less of a threat to Thai democracy than Thaksin's perceived systematic dismantling of the democratic system. In addition, much of the state's apparatus, including the key institutions of the parliament, the judicial branch, and watchdog agencies, reportedly has been undermined in the past several years. Uncertainty about the king's succession compound the concern about Thailand's ability to preserve democratic structures and stability in the upcoming years. The 2006 State Department Report outlines how the repeal of the 1997 constitution erodes legal

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<sup>7</sup> "Thaksin's Way - Thailand's Election," *The Economist*. February 5, 2005.

<sup>8</sup> "Thailand Risk: Alert — Corruption May Still Go Unchecked," *Economist Intelligence Unit*, July 19, 2004.

<sup>9</sup> "One Party Rule: Opposition Does Not Need to Be Strong, Says PM," *The Nation* (Bangkok), August 10, 2004.

<sup>10</sup> "Rights Group Says Libel Suit Deepens Assault on Thailand's Media," *Agence France Press*, August 31, 2004.

<sup>11</sup> "Thai Vote: Democratic Backslide?" *Christian Science Monitor*. February 4, 2005.

<sup>12</sup> "Thailand: Libel Suit Deepens Assault on the Press," Human Rights Watch. September 1, 2004.

protection of civil liberties and due process.<sup>13</sup> Particularly strong criticism centers on the military government's restrictions on freedom of speech, freedom of assembly, and freedom of the press, including internet sites critical of the coup.

**New Government Approach?** Although the transition back to democratic rule has been relatively smooth to date, there are concerns among some democracy activists about Samak's record. Samak was a prominent figure in the 1992 government that cracked down on student protestors, and has been known to have a rocky relationship with the media in Thailand. In addition, some fear he will re-adopt Thaksin policies like the "war on drugs" that many critics say sanctioned extra-judicial killings of suspected drug dealers.

## **U.S.-Thailand Political and Security Relations**

### **A Long-Standing Southeast Asian Ally**

The military coup and subsequent suspension of military aid by the United States threatened to derail the strong bilateral defense relationship. Following the reinstatement of aid, Thai and U.S. military officials emphasized their commitment to a smooth resumption of close military ties. Several of the programs listed below were suspended under Section 508 of the Foreign Operations Appropriations Act (P.L. 109-102). (See "U.S. Response" section.) In May 2007, the annual "Cobra Gold" multinational military exercises went forward despite the suspension of several other military cooperation programs.

The 1954 Manila Pact of the former Southeast Asia Treaty Organization (SEATO), together with the 1962 Thanat-Rusk communique, forms the basis of the long-standing U.S.-Thai security relationship. Although SEATO was dissolved in 1977, Article IV (1) of the Manila Pact, which calls for signatories to "act to meet the common danger" in the event of an attack in the treaty area, remains in force. Thailand is considered to be one of the major U.S. security allies in East Asia, along with Japan, South Korea, Australia, Singapore and the Philippines.

The U.S. security relationship with Thailand has a firm historical foundation based on joint efforts in the Korean War, the Vietnam War, and the 1991 Persian Gulf War. Thailand sent more than 6,500 troops to serve in the United Nations Command during the Korean War, where the Thai force suffered over 1,250 casualties.<sup>14</sup> A decade later, the United States staged bombing raids and rescue missions over North Vietnam and Laos from Thailand. During the Vietnam War, up to 50,000 U.S. troops were based on Thai soil, and U.S. assistance poured into the

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<sup>13</sup> For full report, see [<http://www.state.gov/g/drl/rls/hrrpt/2006/78792.htm>].

<sup>14</sup> See [<http://korea50.army.mil/history/factsheets/allied.shtml>] (official public access website for Department of Defense Commemoration of the 50th anniversary of the Korean War).

country to help Thailand fight its own domestic communist insurgency.<sup>15</sup> Thailand also sent troops to South Vietnam and Laos to aid the U.S. effort. The close security ties continued throughout the Cold War, with Thailand serving as solid anti-Communist ally in the region. More recently, Thai ports and airfields played a crucial role in maintaining the flow of troops, equipment, and supplies to the theater in both the 1991 and 2003 Iraq wars.

In October 2003, President Bush designated Thailand as a “major non-NATO ally,” a distinction which allows more access to U.S. foreign aid and military assistance, including credit guarantees for major weapons purchases.<sup>16</sup> An agreement concluded with the United States in July 2001 allows Thailand to purchase advanced medium-range air-to-air missiles for its F-16 fighters, a first for a Southeast Asian state.<sup>17</sup> Thaksin authorized the reopening of the Vietnam-era U.S. airbase in Utapao and a naval base in Sattahip, from which the U.S. military can logistically support forces in Afghanistan and the Middle East.

Thailand served as the logistics hub for much of the U.S. and international relief effort after the 2004 Indian Ocean tsunami. U.S. relief operations by air and sea for the entire region were directed out of Utapao air base and Sattahip naval base. Thailand immediately granted full U.S. access to the bases following the disaster.

**Support for U.S. Operations.** Thailand strengthened its partnership with the United States by contributing troops to two American military operations and the broader war on terrorism after the September 11, 2001 attacks. Thailand sent 130 soldiers, largely engineers, to Afghanistan to participate in the reconstruction phase of Operation Enduring Freedom. Thai forces were responsible for the construction of a runway at Bagram Airbase, medical services, and some special forces operations.<sup>18</sup> Although Thailand remained officially neutral during the U.S.-led invasion of Iraq, it contributed to reconstruction efforts in Iraq by dispatching over 450 troops, including medics and engineers, to the southern city of Karbala. The deployment proved unpopular with the Thai public, particularly after the deaths of two soldiers in December 2003. In spring 2004, Thaksin threatened to withdraw the troops early if the security situation continued to disintegrate and resisted U.S. calls to postpone the withdrawal until after the January 2005 Iraqi elections. The withdrawal was completed in September 2004.

Thailand reportedly provided a “black site” where U.S. Central Intelligence Agency officials were allowed to secretly hold suspected terrorists. According to

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<sup>15</sup> *The Eagle and the Elephant: Thai-American Relations Since 1833* (Bangkok: U.S. Agency for International Development, 1997).

<sup>16</sup> Under section 517 of the Foreign Assistance Act of 1961, the President can designate a non-North Atlantic Treaty Organization state as a major ally for the purposes of the Foreign Assistance Act and the Arms Export Control Act.

<sup>17</sup> Limaye, Satu P. “Minding the Gaps: The Bush Administration and U.S.-Southeast Asia,” *Contemporary Southeast Asia*, vol. 26, no. 1 (April 2004).

<sup>18</sup> “Thai Soldiers Help Rebuild Afghanistan,” *The Nation* (Thailand), July 4, 2003.

press reports, two major Al Qaeda figures captured in Pakistan were flown to Thailand for interrogation by U.S. officials.<sup>19</sup>

**Asia Pacific Military Transformation.** The U.S. Department of Defense initiative to transform and realign the U.S. military around the globe provides potential opportunities for increased security cooperation with Thailand. Pentagon planners are breaking with the quantitative assurance of keeping 100,000 troops on the ground in East Asia in favor of a more mobile, capability-based force. In the past few years, U.S. military planners have emphasized a “places, not bases” concept in Southeast Asia in which U.S. troops can temporarily use facilities for operations and training, without maintaining a lengthy and costly permanent presence. In a State Department press release, a senior Defense Department official pointed to cooperation with Thailand as an example of the military’s new approach, citing the annual Cobra Gold exercises.<sup>20</sup> Facilities used by the U.S. military in Thailand fall under the Pentagon’s “cooperative security location” (CSL) concept, in which host countries provide access in exchange for upgrades and other aid.<sup>21</sup>

## Bilateral Security Cooperation

**Security Assistance.** The United States has provided funds for the purchase of weapons and equipment to the Thai military through the Foreign Military Financing (FMF) program. As a major non-NATO ally, Thailand also qualifies for the Excess Defense Articles (EDA) program, which allows for the transfer of used U.S. naval ships and aircraft. The United States faces stiff competitors in the market for foreign military sales in Thailand, particularly because other countries are more willing to engage in barter trade for agricultural products.

**Military Exercises.** Training opportunities for U.S. forces in Thailand are considered invaluable by the U.S. military. Thailand and the United States have conducted over 40 joint military exercises a year, including Cobra Gold, America’s largest combined military exercise in Asia. In the May 2007 exercises, about 3,000 Thai troops and 2,000 U.S. forces conducted humanitarian, civic action, and peacekeeping missions. Nearly twenty other countries from Europe and Asia either participated or acted as observers for the 2007 exercises.

**Training.** Tens of thousands of Thai military officers, including many of those in top leadership positions throughout the services and in the civilian agencies, have received U.S. training under the International Military Education and Training (IMET) program. Designed to enhance the professionalism of foreign militaries as well as improve defense cooperation with the United States, the program is regarded by many as a relatively low-cost, highly effective means to achieve U.S. national security goals.

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<sup>19</sup> “CIA Operates Secret Prisons Outside U.S.,” *Wall Street Journal Asia*. November 2, 2005.

<sup>20</sup> “U.S. to Transform Military in Parallel with Allies — Capabilities Will Be Emphasized Instead of Numbers of Troops,” *State Department Press Releases and Documents*. August 16, 2004.

<sup>21</sup> Kaplan, Robert D., “How We Would Fight China,” *The Atlantic Monthly*. June 2005.



**Intelligence.** Intelligence cooperation between Thailand and the United States reportedly increased markedly after the September 11, 2001 attacks, culminating in the establishment of the Counter Terrorism Intelligence Center (known as the CTIC) in 2001. The CTIC, which combines personnel from Thailand's intelligence agency and specialized branches of the military and armed forces, provides a forum for CIA personnel to work closely with their Thai counterparts, sharing facilities and information daily, according to reports from Thai security officials.<sup>22</sup> Close cooperation in tracking Al Qaeda operatives that passed through Thailand reportedly intensified into active pursuit of suspected terrorists following the 9/11 strikes.<sup>23</sup> The most public result of enhanced coordination was the arrest of suspected Jemaah Islamiyah leader Riduan Isamuddin, also known as Hambali, outside of Bangkok in August 2003. Other intelligence cooperation focuses on counter-narcotics or specialized military intelligence.

**Law Enforcement.** In 1998, the International Law Enforcement Academy (ILEA) Bangkok was established to provide legal training for officials to combat transnational crime.<sup>24</sup> The center is open to government officials from any Southeast Asian country, with the exception of Burma (Myanmar). ILEA Bangkok aims to enhance law enforcement capabilities in each country, as well as to encourage cross-border cooperation. Instruction for the courses is provided largely by the Royal Thai Police, the Thai Office of the Narcotics Control Board, and various U.S. agencies, including the Diplomatic Security Service, the Federal Bureau of Investigation, the Drug Enforcement Agency (DEA), the Department of Homeland Security, and the Internal Revenue Service.<sup>25</sup>

**Counter-Narcotics.** Counter-narcotics cooperation between Thailand and the United States has been extensive and pre-dates the foundation of ILEA-Bangkok. Coordination between the DEA and Thailand's law enforcement agencies, in conjunction with a mutual legal assistance treaty and an extradition treaty, has led to many arrests of international drug traffickers. Specialized programs include the establishment of Task Force 399, in which U.S. Special Forces train Thai units in narcotics interdiction tactics.<sup>26</sup>

## Human Rights Concerns

Some members of Congress and other U.S. officials have criticized Thailand's record on human rights. Thailand has neither signed the United Nations Convention Against Torture nor joined the International Criminal Court. According to the 2006

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<sup>22</sup> Crispin, Shawn, and Leslie Lopez, "U.S. and Thai Agents Collaborate in Secret — Cold-War-Style Alliance Strikes Jemaah Islamiyah Where It Least Expects It." *Asian Wall Street Journal*, October 1, 2003.

<sup>23</sup> Ibid.

<sup>24</sup> ILEA-Bangkok is one of four ILEAs in the world. The others are located in Hungary, Botswana, and Roswell, New Mexico.

<sup>25</sup> Course information from [<http://www.ileabangkok.com>].

<sup>26</sup> Chambers, Paul, "U.S.-Thai Relations After 9/11: A New Era in Cooperation?" *Contemporary Southeast Asia*, Vol. 26, Issue 3. December 2004.

U.S. State Department Human Rights Report and to other NGOs' accounts, the excessive use of force by government security forces in the southern border provinces continued in 2006, including the reported "disappearances" of Muslim citizens. The failure to convict police officers of the suspected abduction and murder of prominent Muslim activist and lawyer Somchai Neelapaijit has drawn particular fire. The State Department reports that the new government's Ministry of Justice opened investigations of the approximately 1,300 extrajudicial killings during Thaksin's 2003 "War on Drugs," while Human Rights Watch puts the number at 2,500 and is more harsh in its criticism of the failure to hold any officials accountable for the deaths. The emergency decree on administrative rule announced in summer 2005 alarmed international rights groups: the United Nations Human Rights Committee, among others, has voiced concern that the executive order and other developments were undermining Thailand's democratic process and human rights record.<sup>27</sup>

## **U.S.-Thailand Trade and Economic Relations**

As a major recipient of foreign direct investment, and with merchandise exports making up over half of its GDP, Thailand's economy depends heavily on its trading partners. The political uncertainty following the coup slowed GDP growth to 4.8% in 2007. Economic relations with the United States are central to Thailand's outward-looking economic strategy. USTR reports that in 2006 U.S. goods exports to Thailand totaled \$8.2 billion, and corresponding U.S. imports from Thailand amounted to \$22.5 billion. Thailand is currently the 24th largest export market for U.S. goods. According to the U.S. Department of Commerce, the United States invested \$8.6 billion in Thailand in 2005 and over 95,000 Thai nationals are on the payrolls of U.S. majority-owned foreign affiliates.

After taking office, the military government came under criticism from the foreign business community for imposing currency controls (later partially reversed) and introducing a bill that would restrict foreign ownership of Thai companies. The amendment to the law affecting foreign business ownership, stemming from the negative reaction to the sale of Thaksin's family telecommunications company to a Singaporean state-owned enterprise, will reportedly exclude several sectors. International drug companies have reacted negatively to a government decision to issue compulsory licenses to develop generic versions of patented HIV/AIDS drugs. The PPP has promised to remove all capital controls that were imposed by the interim government in order to encourage international investment.

## **A Difficult Road for U.S.-Thailand FTA Negotiations**

Bilateral FTA negotiations were suspended by Thailand when the political crisis erupted in April 2006. Following the coup, U.S. officials said that the FTA could not go forward without a return to democratic rule. Even before the suspension of talks, many analysts said that the prospects for an FTA were severely diminished. Although studies indicate that a U.S.-Thailand FTA would increase trade and

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<sup>27</sup> See the Office of United Nation High Commissioner for Human Rights website at [<http://www.ohchr.org/english/>].

investment for both countries and yield net benefit for Thailand, negotiations must address a list of challenging issues to reach a successful conclusion. The agreement sought by the United States is the most comprehensive of the multiple FTAs Thailand has attempted; the agenda includes issues such as intellectual property rights, investment, environment, labor rights, textiles, telecommunications, agriculture, electronic commerce, and government procurement.<sup>28</sup>

In the six rounds of talks held, market access for sugar, rice, and trucks are among the thorniest of the differences between the two sides. Further, some sources have speculated that Thaksin launched negotiations without consulting adequately with the bureaucracies in charge of the controversial areas. The sixth round of negotiations in Chiang Mai, Thailand, in January 2006 were marked by slow progress, disruptions by thousands of protestors, and the resignation of the chief Thai negotiator following the meetings. Even before the suspension of talks, many analysts said that the prospects for an FTA were severely diminished.

## **An Aggressive FTA Strategy**

Thailand has aggressively pursued FTAs with countries other than the United States in its campaign to expand trading opportunities. Agreements have been signed with Bahrain, China, Peru, Australia, Japan, and India. Further deals are possible with New Zealand, South Korea, Chile, and the European Union (EU). Thailand has championed ASEAN regionalism, seeing the ASEAN Free Trade Area (AFTA, among ASEAN countries only) as a vehicle for investment-driven integration which will benefit Thailand's outward-oriented growth strategy.<sup>29</sup> Many observers see Thailand's pursuit of FTAs as an indication of its shift away from a multilateral approach, such as working through the World Trade Organization (WTO), and toward a bilateral or regional approach.

## **Thailand in Asia**

Although the coup's impact did not include any widespread violence or precipitous economic losses, there are concerns about longer-term repercussions for Southeast Asia. Thailand is important to the region because of its large economy and, until the coup, its relatively longstanding democratic rule. Regional observers fear that the loss of Thailand as a stabilizing presence could hurt democratic efforts in Indonesia, Malaysia, the Philippines, and elsewhere. Southeast Asia is considered by many Asian experts to be a key arena of soft power competition between the United States and China: the loss of a democratic government, as well as any resulting friction with the United States, could be considered an opening for closer Sino-Thai relations.

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<sup>28</sup> "Ives to Leave USTR to Take Position in Medical Trade Association," *Inside U.S. Trade*, July 16, 2004.

<sup>29</sup> Chirathivat, Suthiphand, and Sothitorn Mallikamas, "Thailand's FTA Strategy: Current Developments and Future Challenges," *ASEAN Economic Bulletin*, vol. 21, no. 1 (April 2004).

The clout of the Association of Southeast Asian Nations (ASEAN) may be affected as well. Thailand was a founding member of ASEAN, and, previous to his political troubles, Thaksin was considered to be poised to provide crucial leadership for the organization. Thailand has been an aggressive advocate of increased economic integration in the region: Singapore and other developed economies may fear that any domestic weakening in Thailand could set back those efforts as well.

## Growing Ties with China

Sino-Thailand ties, historically far closer than Beijing's relations with most other Southeast Asian states, have continued to strengthen. Bilateral trade and positive relations have boomed over the past decade, particularly under Thaksin's business-oriented, engagement approach toward the rest of Asia that de-emphasized human rights and democracy. Even while re-asserting its alliance with the United States, Thailand has continued to court China, including signing agreements on technology, environmental protection, and strategic cooperation.

Military-to-military ties increased through both exchanges and arms sales: China exports major weapons and military equipment to Thailand, a practice that originated in the 1980s when both countries supported Cambodian resistance groups, including the Khmer Rouge, against the Vietnamese-installed government in Phnom Penh. Many analysts saw the suspension of several U.S. military programs following the coup as an opportunity for China to expand its influence in the Thai defense establishment. China participated as an observer for the first time in the May 2008 Cobra Gold exercises, and in July Thailand and China staged a joint anti-terrorism exercise.

Thailand's strong relationship with China is based on a history far less antagonistic than Beijing's past with many other ASEAN countries. After the U.S. withdrawal from Vietnam, Bangkok pursued a strategic alignment with Beijing in order to contain Vietnamese influence in neighboring Cambodia. Bangkok restored diplomatic ties with Beijing in 1975, far before other Southeast Asian nations. Thailand also has no territorial disputes with China in the South China Sea, unlike Malaysia, Vietnam, and the Philippines. The sizeable overseas Chinese population in Thailand assimilated relatively easily and became a strong presence in the business world, and eventually in the political arena as well. Thai companies were among the first to explore investment opportunities after the Chinese economy opened up in the late 1970s, pursuing ventures with China's state-run enterprises. As other regional powers tentatively began to explore commercial relationships with China, investment from Sino-Thai companies flourished in the 1990s, fueling a rebirth of interest in Chinese language and culture in Thailand.<sup>30</sup>

Given the simultaneous emphasis on building close relationships with the United States and China, Thailand's foreign policy could be construed as a classic hedging strategy designed to avoid dominance by any one power. Some analysts suggest that Bangkok's embrace of China indicates a slow move away from the Cold

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<sup>30</sup> Vatikiotis, Michael, "Sino Chic: Suddenly, It's Cool to Be Chinese," *Far Eastern Economic Review*, January 11, 1996.

War reliance on the United States, despite enhanced cooperation in the war on terrorism, and could be an indicator of how Southeast Asia will deal with China's increasing influence.<sup>31</sup>

## **Divergence with United States on Burma (Myanmar) Policy**

Bangkok's approach toward Burma has long been seen as conflicting with U.S. policy. While the United States has pursued strict economic and diplomatic sanctions against the regime, Thailand has led ASEAN's "constructive engagement" initiative, which favors integration and incentives to coax Burma into reform.<sup>32</sup> For Thailand, this policy minimizes the danger of a large-scale military struggle and expands Thai business opportunities in Burma. Thailand has been criticized for supporting the junta through substantial trade, particularly in natural gas. As international groups struggled for access to Burma to provide humanitarian relief following the cyclone, Burma granted Thai officials and aid workers entry.

Thailand's relationship with Burma grew closer under Thaksin's administration. During the 1990s, Thailand voiced harsh criticism of the military junta ruling Burma, particularly its crackdown on the National League for Democracy, the opposition party led by democratic activist Aung San Su Kyi. Thailand also has chafed at the huge inflow of illegal drugs from Burma. But the Thaksin government placed special emphasis on maintaining normal relations with Burma, even as European countries tightened sanctions and other Southeast Asian countries distanced themselves from Rangoon.

Some congressional leaders also have criticized Bangkok for its treatment of Burmese refugees, migrant workers, and political dissidents living in Thailand. Backed by human rights groups' reports, some U.S. lawmakers have leveled charges of arrests and intimidation of Burmese political activists, as well as the repatriation of Burmese who seek political asylum.<sup>33</sup> In the past, Congress has passed legislation that provides money to refugees who fled Burma, particularly those in Thailand.<sup>34</sup>

## **Refugee Situation**

Thailand has long been a magnet for economic and political refugees, particularly from the neighboring countries of Laos, Cambodia, and, most prominently, Burma. Displaced populations of ethnic minorities from Southeast Asia have sought refuge across Thailand's long borders, often attracted by relatively loose immigration controls and often lenient treatment by Thai authorities. A strong network of international humanitarian organizations exists in Thailand to provide assistance to these populations. However, successive Thai governments have

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<sup>31</sup> Vatikiotis, Michael, "Catching the Dragon's Tail: China and Southeast Asia in the 21<sup>st</sup> Century," *Contemporary Southeast Asia*, vol. 25, no. 1 (April 2003).

<sup>32</sup> See CRS Report RL33479, *Burma-U.S. Relations*, by Larry A. Niksch.

<sup>33</sup> See *Out of Sight, Out of Mind: Thai Policy Toward Burmese Refugees and Migrants*, Human Rights Watch Report, released February 2004.

<sup>34</sup> H.R. 4818, Foreign Operations Appropriations, Section II, Bilateral Assistance.

expressed frustration with this continuing presence and periodically have clamped down on the incoming asylum seekers. Often this response relates to Bangkok's wish to maintain strong political relationships with other regional governments.

The United Nations High Commissioner for Refugees (UNHCR) estimates that over three decades around three million asylum seekers have sought refuge in Thailand. Burmese refugees in Thailand come from a variety of ethnic groups that have fled attacks on their villages by the Burmese army and warlords. As of November 2006, 140,000 refugees from Burma live in the camps recognized by the Thai government along the Thai-Burma border and 1,000 asylum seekers are thought to be in urban areas. Thailand has been generally cooperative in helping refugees, but does not want to become an indefinite host, nor does it want to absorb those Burmese who do not qualify as refugees. Moreover, the camps were intended for temporary use and are not considered suitable for permanent inhabitation. The Thai government views Burma as presenting the most immediate source of refugee problems. Another 200,000 refugees and asylum seekers representing groups (many of them Hmong refugees from Laos) live elsewhere in the country. In addition, Thailand's reputation for relative tolerance for refugees, as well as crackdowns in other recipient countries, has attracted an increasing number of North Korean asylum-seekers.

## **ASEAN Relations**

Thailand's "local" foreign policy with fellow Southeast Asian nations who make up ASEAN (Indonesia, Malaysia, the Philippines, Singapore, Brunei Darussalam, Vietnam, Laos, Burma, and Cambodia) consists of a web of complicated relations. As one of the largest and most economically developed of the ASEAN countries (including having the largest volume of trade), Thailand has much to gain for promoting ASEAN's significance in global affairs. With its favorable geographic location and broad-based economy, Thailand has traditionally been considered among the most likely countries to play a major leadership role in Southeast Asia and has been an aggressive advocate of increased economic integration in the region. Bangkok has developed strong relations with its Indochina neighbors through infrastructure assistance and other aid. In turn, Vietnam, Laos, and Cambodia provide raw materials, inexpensive manufacturing, and expanding markets for Thailand. Particularly under Thaksin, Thailand pursued enhanced relations with Singapore based on a common interest in liberalizing trade and with the Philippines centered on a mutual interest in combating terrorism. Former Thai Minister of Foreign Affairs Surin Pitsuwan currently serves as ASEAN Secretary General.

Despite cooperative elements, Bangkok's relations with its neighbors are often characterized by tension and diplomatic spats. Intermittent tension with Cambodia re-ignited recently over competing territorial claims of Preah Vihear, a temple situated along the Thai-Cambodian border. Relations with Singapore were disturbed by the sale of Thaksin's family firm Shin Corporation to Singapore's Temasek Holdings in 2006: the tax-free sale angered many Thais and played a role in Thaksin's downfall. Relations with Malaysia have been complicated by an insurgency since 2004 in Thailand's majority-Muslim southern provinces, which border Malaysia. Many Thai Muslims are ethnically Malay and speak Yawi, a Malay dialect, and at times the Malaysian public has grown angry at the perceived violence

against Muslims in Thailand. Although successive Thai administrations have pursued cooperative agreements to help curb the violence, relations have remained uncertain as the violence continues.

**Table 1. U.S. Assistance to Thailand 2005-2009**  
(thousands of dollars)

Account	FY2005	FY2006	FY2007	FY2008 estimate	FY2009 request
CSH	0	0	1,400	992	1,000
DA	0	0	0	0	4,500
ESF	992	990	990	0	0
FMF <sup>a</sup>	1,488	1,485	0	149	800
IMET <sup>a</sup>	2,526	2,369	0	1,142	1,400
INCLE	1,608	990	900	1,686	1,400
NADR	1,782	3,989	2,100	2,483	2,000
Peace Corps	2,143	2,212	2,144	2,278	—
Totals	10,539	12,035	7,534	8,730	11,100

**Sources:** U.S. Department of State, USAID.

**Notes:** CSH = Child Survival Health; DA = Development Assistance; ESF = Economic Support Funds; FMF = Foreign Military Sales Financing; IMET = International Military Education and Training; INCLE = International Narcotics and Law Enforcement; NADR = Nonproliferation, Anti-Terrorism, Demining, & Related.

- a. These programs were suspended on September 28, 2006, under Section 508 of the Foreign Operations Appropriations Act (P.L. 109-102) and resumed on February 6, 2008.

**Figure 1. Map of Thailand**

Source: Map Resources. Adapted by CRS. (K.Yancey 3/23/04)